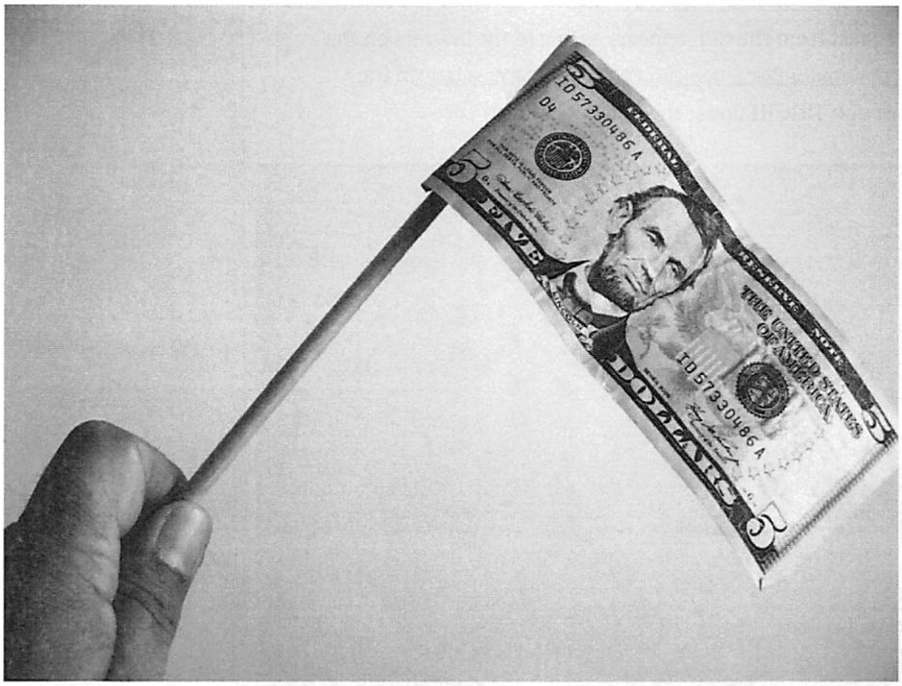
ENGLISH

The Bondholders who bet on Puerto Rico's Sales and Use Tax collection

por **Joel Cintrón Arbasetti and Carla Minet** | 2 de noviembre 2017



Thomas Hawk via Visual Hunt

Juan Noguera is on a list of more than 200 names along with investment firms, bond insurers (monolines), banks and contractors interested in the Puerto Rico's government bankruptcy case. He is a real estate appraiser about to retire. His savings are committed to the Sales Tax Financing Corp. (COFINA) bonds but he does not belong to any of the organized groups of creditors that actively participate in the case.

"I have people in my family, three people, with considerable amounts, which they stopped paying and we don't know what those bonds are worth, which were for our retirement. I even paid a premium above what they were worth, because of how attractive they were supposed to be at that time, according to UBS," said Noguera, referring to the brokerage house that sold him the bonds.

When the Center for Investigative Journalism (CPI) interviewed Noguera, he did not know there was a Coalition that claims to represent COFINA bondholders in the Puerto Rico government's bankruptcy case.

"They should have approached me. If I'm on the list, if you found me, they (the Coalition) should have found me. They have never contacted me, so I'm unaware of the situation. I would like to know more. How do I gain access to that group?" the man with nearly $1 million in those types of bonds pending payment asked over the phone.

The group is called the Cofina Senior Bondholders Coalition and on their website (https://www.cofinapuertorico.com/) they claim to be composed "mainly by individuals and asset managers."

The CPI found that the known members of the group are mostly vulture funds: investment firms registered as hedge funds and that are dedicated to buying debt at a discount and then demand 100% payment. Some of these high profile companies that belong to the Coalition appear in the lists of the main U.S. hedge funds. They have headquarters in that country, they operate globally, they are incorporated in tax havens like Delaware or Cayman Islands, they manage at least more than $1 billion in assets each, and some are owners of between 4% and 10% of companies like Dell, Monsanto and Humana.

In Title III documents, the group claims to have 33% of all Cofina Senior bonds.

In 2015, the Coalition firms hired Quinn Emanuel Urquhart & Sullivan, which describes itself (https://www.quinnemanuel.com/) as "one of the most prestigious and select law firms in the world." They also hired Reichard & Escalera, (http://www.reichardescalera.com/) a Puerto Rican law firm with a long history as contractor of the Puerto Rico government's principal agencies. Rafael Escalera (http://www.reichardescalera.com/our_people/rafael-escalera-rodriguez/), the main partner of the firm and who did not answer an interview request from the CPI, appears as one of the lawyers on the service list (https://cases.primeclerk.com/puertorico/Home-DownloadPDF?id1=NjkoMjM5&id2=0) in the bankruptcy case that is ongoing through Title III under the PROMESA law.

Artwork by Elizabeth Williams

Laura Taylor Swain, the judge presiding over Title III case.

During the first hearing of the case (http://periodismoinvestigativo.com/2017/10/el-dilema-de-reconstruir-a-puerto-rico-o-pagar-la-deuda/) on Aug. 9, Rafael Escalera was sitting in the penultimate row of the federal court in San Juan with Daniel Salinas (https://www.quinnemanuel.com/attorneys/salinas-serrano-daniel/), of Quinn Emanuel, and Matt Rodrigue (https://www.linkedin.com/in/matthew-rodrigue-21a34836/), without z, legal adviser to the Cofina Senior Bondholders Coalition. The trio exchanged impressions and gestures of skepticism about the arguments presented by the government's lawyers before the judge presiding over the case, Laura Taylor Swain.

"I am a person, and I imagine that many individual bondholders also, who were relatively successful in our lives, paid more taxes than 98% of the people of this island; I have no doubt, we are responsible. And now we do not have the money for our retirement. That is what has happened. We feel frustrated and even cheated. The governor (Ricardo Rosselló) promised something he did not keep. He won the elections under that promise (to pay the debt) and was even given money under that promise and we feel cheated," Noguera told the CPI.

He is subscribed to receive information on the government's bankruptcy case, in which he could ultimately have the opportunity, as a bondholder, to vote for or against a haircut in the value of his bonds as part of the debt restructuring. But he does not directly participate in the process dominated by financial industry moguls and large law firms.

"I don't have much to look for with the investment firms there (in the Cofina Senior Bondholders Coalition); they have other interests. But if there are any local ones, I would like to contribute there too, if they have the same type of bonds maybe there are common interests," the appraiser said.

The partners of the companies that make up the Coalition have experience in the main Wall Street banks and in the last 10 years many have been political donors, reporting together at least $9 million in donations to parties and candidates.

Cofina Senior Bondholder Coalition Breakdown (https://infogram.com/d39e046e-419c-4a5c-9c95-461e3c821e30)
Infogram (https://infogram.com)

The Cofina Senior Bondholders' Coalition's vulture funds

In the bankruptcy case documents, the firm with the largest amount of Cofina bonds kept its identity hidden behind the shell company Decagon Holdings, until October 3, when The Intercept (https://theintercept.com/2017/10/03/we-can-finally-identify-one-of-the-largest-holders-of-puerto-rican-debt/) revealed that it belongs to one of the biggest vulture funds in the world: The Baupost Group. That month, the company claimed $925 million divided into 10 funds (Decagon 1 to 10) which the CPI identified were incorporated in Delaware in 2015 as limited liability companies, anonymously, by a company that has registered more than 500,000 corporations, called Corporation Service Company.

Some of the Baupost Group's clients are foundations of the main U.S. universities, like the prestigious Harvard, where the founders met in the 80s: William Poorvu (http://www.hbs.edu/faculty/Pages/profile.aspx?facId=6531), Howard Stevenson (http://www.hbs.edu/faculty/Pages/profile.aspx?facId=6560) and Jordan Baruch (https://www.nae.edu/55363.aspx), professors of the Harvard Business School. On October 16, the Hedge Clippers organization sent letters (http://hedgeclippers.org/letter-to-university-endowments-regarding-baupost-group-puerto-rico-debt/#.We9UzHLVNIo.twitter) to 18 universities, including Harvard, Yale and Washington University, where they urged the presidents of these institutions to withdraw their investments from the firm run by financial tycoon Seth Klarman, known as the "Oracle of Boston (https://www.highbeam.com/doc/1G1-295314895.html)."

"In addition to an unprecedented economic crisis, Puerto Rico now faces a humanitarian crisis after the devastation of Hurricane María," says the letter sent by Hedge Clippers.

Klarman, whose fortune was estimated by Forbes (https://www.forbes.com/forbes/welcome/?toURL=https://www.forbes.com/profile/seth-klarman/&refURL=https://www.google.com/&referrer=https://www.google.com/) at $1.55 billion, responded with a letter to his investors where he said that canceling or imposing a debt moratorium "may be well intentioned, but impractical". "Puerto Rican citizens and small cooperative banks also hold government debt, and eliminating those bonds would impact household savings," the letter says (https://www.wsj.com/articles/canceling-puerto-rico-debt-impractical-says-hedge-fund-billionaire-klarman-1508441733).

Klarman's statements follow the public line the Cofina Senior Bondholders Coalition has tried to create, which in their web page do not reveal details of the investment firms that compose the group and use images of Puerto Rico's older people.

But the partners of the group's firms are far different from that profile. Klarman for example, revered as one of the best investors in the world, author of an investment manual whose photocopy was sold for $2,499 on Amazon (https://www.amazon.com/gp/offer-

listing/0887305105/ref=dp_olp_all_mbc?ie=UTF8&condition=all), is also an active political donor. Their donations (https://littlesis.org/person/66954-Seth_Klarman/political) are split between 16% to republicans, 4% to democrats and 79% to dark money groups, "politically active nonprofits that aren't required to publicly disclose their donors, unlike virtually every other organization spending money to affect the outcomes of federal elections," according to the Center for Responsive Politics (https://www.opensecrets.org/outsidespending/).

Between 2012 and 2016, he donated $3.8 million to American Unity PAC (http://americanunitypac.com/) , a republican political action committee that advocates for the rights of the transgender and LGBTQ community. Many of the contributors to this PAC are vulture funds executives, such as Paul Singer of Elliot Management, Daniel Loeb of Third Point, and David Tepper of Appaloosa Management. Klarman has also donated to the Conservative Solution PAC, the Republican National Committee and the Ending Spending Action Fund (https://www.nytimes.com/elections/2012/campaign-finance/pac/ending-spending-action-fund.html) , a Republican super PAC that advocates for the reduction of the federal debt. The investor has criticized the president of the United States, Donald Trump, for his protectionist measures and for maintaining a volatile and "intentionally unpredictable" discourse.

His firm, The Baupost Group, handled $32 billion in assets under management by December 2016. The minimum investment required for its clients is $25 million, and they warn in their brochure (https://www.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=431208) that "any investor not able to bear the risk of loss of his or her investment should not participate in the Baupost Partnerships."

Baupost has positions in health, natural gas, energy, financial services, consumer (automobiles, housing and entertainment), real estate and technology industries. Among its main positions is Synchrony Financial (http://finnewsdaily.com/baupost-group-llc-position-in-synchrony-finl-syf-was-boosted/) , where it owns $873 million. Synchrony Financial is a personal loans bank loans that pays high interest and the largest issuer of branded credit cards like Amazon, Walmart, T.J. Maxx and Gap. On Feb. 1, 2016, Synchrony Financial established a call center in Guaynabo, Puerto Rico.

In October 2017, Baupost and a group of vulture funds (http://www.elmundo.es/economia/empresas/2017/04/11/58ec9f4722601da53b8b4587.html) that includes several of the Title III participants, such as Canyon Partners, Oaktree and Värde (a former member of the Cofina Coalition), opposed the restructuring of energy company Abengoa, a Spanish multinational. A judge ruled in favor of the group, which claimed 100 million euros in debt from the company. The same month, Baupost acquired (http://www.reuters.com/article/us-toshiba-baupost/exclusive-hedge-fund-baupost-snaps-up-claims-against-toshiba-sources-idUSKBN1CT00A?il=0) most of the $2.2 billion in fines faced by Toshiba Corp.

Executives of these firms rarely make public statements. They appear mainly in financial media and in specialized forums directed to investors and potential clients. In the last three years, the issue of Puerto Rico has been ringing in those circles.

In the Trash or Treasure? Finding Value in Distressed-Debt (https://www.youtube.com/watch?v=0fjvpN_8CeM) panel, Steve Shapiro, executive director for GoldenTree Asset Management, said in 2015 that his firm was interested in liquidations like those of General Motors and there were "parts of Puerto Rico we found very interesting."

"We think the PREPA (Puerto Rico Electric Power Authority) is interesting. We particularly like the Cofina bonds, which are backed by sales taxes. And it will clearly be a complicated process, but it really looks like a problem that can be solved, and that represents investment opportunities," said Shapiro, who previously served as a bankruptcy lawyer for Stroock & Stroock & Lavan, where he represented bondholder committees, reorganized companies in Chapter 11 proceedings and in out-of-court restructurings. Between 2011 and 2016, he donated

(https://www.fec.gov/data/receipts/individual-contributions/?two_year_transaction_period=2012&contributor_name=Steve+Shapiro&min_date=01%2F01%2F2011&max_date=12%2F31%2F2012) a total of $14,100 to Republican senators.

"Between Cofina there are wrap bonds and unwrap bonds and we like each for different reasons," said Shapiro.

Now that the corporation is under Title III bankruptcy, Golden Tree claims $853 million in Cofina bonds.

Managers of hedge funds that qualify as vulture funds tend to bet on high-risk debts that can turn into profits. Joshua Birnbaum, chief investment officer of Tilden Park Capital Management, was one of the big beneficiaries of the U.S. financial crisis. As CEO of Goldman Sachs, where he worked for 15 years, he led transactions (http://www.tildenparkcapital.com/management.html) related to subprime mortgages that would be the catalyst for the great financial crisis. When the real estate industry finally collapsed alongside home prices and evictions jumped in the United States and Europe, Birnbaum was one of the big winners (https://dealbook.nytimes.com/2014/07/09/big-short-case-raises-questions-about-finra-arbitration/) of one of the highest payoffs in Wall Street history, taking $17 million. He then left Goldman Sachs and founded Tilden Park, a member of the Cofina Senior Coalition.

Jeremy Primer, research chief and co-founder of Tilden Park, worked with Birnbaum at Goldman Sachs as a mortgage product sales strategist. The other partners at Tilden Park, Samuel Alcoff and Robert Rossitto, have a track record in the financial industry working with hedge funds and mutual funds.

Tilden Park Capital Management handles more than $16 billion in assets. The Paul Weiss Rifkind Wharton & Garrison law firm, which represents the Ad Hoc Group of General Obligation Bondholders (http://periodismoinvestigativo.com/2017/10/junte-de-viejos-colegas-en-grupo-que-exige-a-puerto-rico-el-pago-de-la-deuda/) in the Title III case, was in turn the legal agent for several Tilden Park transactions, including one (http://www.secinfo.com/dsvrh.k3y.htm?Render=Text#1stPage) of $1.5 billion conducted in January 2017. This firm is claiming $501 million in Cofina bonds.

When the financial crisis of 2008 exploded, in which Birnbaum profited, Canyon Capital had its worst year (https://www.institutionalinvestor.com/article/b14zbkcxmfn0fn/canyon-capital-thrives-in-a-transforming-financial-landscape), with a drop of 29%. But in 2011, the vulture fund saw an opportunity in the subprime mortgages that caused the crisis. Canyon Capital belongs to Canyon Partners, the parent company of a family of limited partnerships or funds that by December 2016 claimed to have 23 clients and handled approximately $19 billion in assets. The minimum investment (https://adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=438735) to enter the fund is $50 million.

In the Title III case, Canyon Capital is claiming $300 million in Cofina bonds.

Its main partners are Mitchell Julis and Joshua Friedman. Friedman also owns 4.5% (http://www.businessinsider.com/r-exclusive-canyon-capital-prepares-board-challenge-to-ambac-management-source-2016-3) of the shares of insurer Ambac Financial Group, which insures Puerto Rico bonds. Julis, meanwhile, is a lawyer and businessman. A graduate of Harvard University, where he met Friedman, he is currently a member of the Princeton University Board of Directors.

Friedman and his wife, Beth, donated (https://littlesis.org/person/50141-Joshua_S_Friedman/political) $5,400 (http://docquery.fec.gov/cgi-bin/forms/C00458844/1015697/sb/ALL/3) to Marco Rubio between 2013 and 2015. He also contributed $100,000 (http://docquery.fec.gov/cgi-bin/forms/C00571372/1034776/sa/ALL/3) to the Right to Rise USA committee, a PAC created solely to support the candidacy of Republican Jeb Bush.

Taconic Capital, another investment firm founded by former Goldman Sachs partners Frank Brosens (https://www.taconiccap.com/team/frank-brosens/) and Ken Brody (https://dealbook.nytimes.com/2013/12/03/taconic-capital-co-founder-to-retire/), has more than 40 SEC funds,

some of them also incorporated in the Cayman Islands tax haven.

From 1992 to 2016, Brosens has made political donations totaling $503,100 — 4% to Democrats and 94% to Republicans. Between 2004 and 2016, Christopher DeLong (https://www.taconiccap.com/team/christopher-delong/), Taconic's Chief Investment Officer and former vice president in a division of JP Morgan, donated $466,400 to Democratic candidates, including eight donations (https://www.fec.gov/data/receipts/?two_year_transaction_period=2016&data_type=processed&contributor_name=Christopher+DeLong&min_date=01%2F01%2F2015&max_date=12%2F31% of $10,000 in 2016, two of them to the Hillary Victory Fund. Taconic Capital has a stake in more than 40 companies, including Monsanto, Humana, Verizon Communications and Linkedin Corp. In December 2016, it was handling $9 billion in assets.

Aristeia Horizons is claiming $112 million in Cofina bonds. It has offices in Greenwich, Connecticut and New York and is incorporated in the Cayman Islands. its parent company (https://www.sec.gov/Archives/edgar/data/1335190/000133519014000018/exhibit1018registrationrig.htm), Aristeia Capital, handled $2.4 billion in net assets as of March 2017. This company was founded in 1997 and its principal owner is Aristeia Holdings, LP, whose owners are Anthony Frascella, William Techar, Robert Lynch, Jr. and Kevin Toner. The minimum investment required of clients is $5 million.

Whitebox Advisors, based in Minnesota, has registered at least 180 investment funds in the SEC since 2007. Whitebox owner Andrew Redleaf is credited (https://dealbook.nytimes.com/2007/10/03/a-hedge-fund-that-saw-what-was-coming/) with anticipating the subprime mortgage financial crisis that erupted in 2008.

Apart from legal firms that already represent the Coalition in Title III, Whitebox Advisors hired the firm Kasowitz Benson Towers LLP. The founding partner of this firm is Mark E. Kasowitz (http://www.kasowitz.com/marc-e-kasowitz/), Donald Trump, president of the United States', personal lawyer. It also hired local law firm Saldaña, Carvajal & Vélez Rivé. The CPI contacted Charles Bimbela-Quiñones, who is registered to handle the Title III case on behalf of Whitebox, but received no response. Nor did Whitebox Advisors or attorney Kenneth R. David of the firm Kasowitz Benson Torres LLP respond to a request.

Whitebox Advisors had to pay a $1.2 million fine to the U.S. Treasury for violating an SEC rule five times between 2011 and 2012 through a scheme that produced $788,779 in profits for the firm. According to the "cease and desist" order (https://www.sec.gov/litigation/admin/2014/34-73113.pdf), in that period Whitebox sold shares and then bought them at a lower price, within a time frame prohibited by the federal regulator.

As of March 30, 2017, Whitebox Advisors managed (https://whalewisdom.com/filer/whitebox-advisors-llc) $8.8 billion and had a stake in 130 companies, mainly in the energy, petroleum, biotechnology and infrastructure sectors. In some cases, Whitebox owns 10% of these companies, such as Par Pacific Holdings, an oil and gas producer, where it had shares valued at more than $100 million at the end of 2016.

A sample of Redleaf's personal wealth is seen through his divorce, for which he had to pay $141 million (http://www.twincities.com/2011/12/11/first-it-was-a-141m-divorce-then-it-got-pricey/) in cash to his ex-wife, Elizabeth Redleaf, who also owned Whitebox. He is claiming $100 million in Cofina bonds as part of the bankruptcy case.

It is common for investment firms to have several funds in which they divide the money they manage according to their market strategy. The funds of the same investment firm are sometimes called differently, sometimes carrying esoteric names that are reduced to abbreviations that look like secret codes, but they share the same owner or parent company.

One of them is Cyrus Capital Partners, which is claiming $94 million in Cofina bonds. Cyrus has the majority of its funds incorporated in the Cayman Islands, including CRS Master Fund LP (http://www.secinfo.com/$/SEC/Registrant.asp?CIK=1569793) and Canary SC Master Fund, which are part of the Cofina Seniors Bondholder Coalition.

Cyrus Capital provides services to "financially sophisticated" individuals, generally earning $1,000,000 or having $200,000 in the two years prior to investing in the fund. It also caters to entities with more than $5,000,000 in assets. A minimum investment (https://adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=381576) of between $1 million and $5 million is required to invest in one of their funds. Cyrus Capital has a stake (https://www.sec.gov/cgi-bin/own-disp?action=getowner&CIK=0001166564&sortid=period-of-report-ASC) in at least 69 companies, mainly shipping, automotive and technology companies, and owns 10% of at least seven companies, including Virgin America.

Stephen Freidheim, owner of Cyrus Capital Partners, has held positions as director or manager of investments in banks and investment firms since the mid-1980s. He has received awards from the Financial Times and the Wall Street Journal for his career as investor. In addition, he is a staunch political donor (https://www.fec.gov/data/receipts/individual-contributions/?two_year_transaction_period=2016&contributor_name=Stephen+Freidheim&min_date=01%2F01%2F2015&max_date=12%2F31%2F2016) : between 1997 and 2015 he paid $79,950 to Democratic Party members and Political Action Committees.

Before founding Cyrus Capital, he was a partner of Daniel Och in the Och-Ziff Freidheim fund; whose firm Och-Zich Capital also has Puerto Rico bonds and is part of another one of the Title III creditor groups; the QTCB Bondholders Group. In 2005, Freidheim and some of its partners took control of Och-Ziff Friedheim's interests and changed its name to Cyrus Capital Partners. In 2011, Freidheim purchased a $26 million penthouse (http://www.businessinsider.com/stephen-cyrus-freidheim-nyc-apartment-2011-7) on Fifth Avenue in New York City.

Hedge funds transactions or holdings related to municipal bonds are not mentioned anywhere in the reports that these firms submit to the SEC. The details of their practices and ways of organizing their investments appear fragmented in different documents. For example, in a Columbia Business School student investment newsletter (https://www8.gsb.columbia.edu/valueinvesting/sites/valueinvesting/files/Graham%20%20Doddsville_Issue_26.pdf) , where Scoggin Capital co-founder Craig Effron explains that his fund has created separate accounts that focus on oil bonds and those of the government of Puerto Rico.

Scoggin Capital, a member of the Cofina Coalition, has investments in companies such as Dell, Humana, Syngenta AG and General Motors. In 2016 it was managing $1.75 billion in assets. From 1992 to 2016, Effron donated (https://littlesis.org/person/90058-Craig_Effron/political) $393,000, split 23% to Republican candidates and 66% to Democrats. Curtis Schenker, co-founder of Scoggin, donated $440,000 during the same period; 22% to Republicans and 70% to Democrats. Another lead partner for the firm, A. Dev Chodry (https://www.bloomberg.com/research/stocks/private/person.asp?personId=43922564&privcapId=6534749&previousCapId=6534749&previousTitle=Scoggin%20Capital%20Management%20LLC) , made two $2,400 donations to Republican Paul Ryan. Scoggin Capital was part of the collection lawsuit for the Argentine debt that lasted almost a decade. In the Puerto Rico government's bankruptcy case, Scoggin also participates with its SB Special Situation (http://www.secinfo.com/dsphz.wE3.htm) fund, incorporated in the Cayman Islands.The SB Special Situation (http://www.secinfo.com/dsphz.wE3.htm) fund, which belongs to Scoggin, appeared in the Puerto Rico government's bankruptcy case documents, but ceased to be named in July, when the members of the Coalition revealed the amounts they claim. Scoggin owns the Old Bellows Partner fund, with which he claims $200 million in Cofina bonds.

Several of the companies that make up the Cofina Coalition also bought General Obligation bonds from the 2014 junk issue (http://periodismoinvestigativo.com/2016/08/275-firmas-de-inversion-se-lanzaron-sobre-la-deuda-chatarra-de-puerto-rico/) : Whitebox Advisors, Scoggin Capital, GoldenTree Asset Management and Taconic Capital.

Cofina was created in 2006, when the fiscal crisis under the shared government of Aníbal Acevedo-Vilá and the opposition-controlled legislature started. The corporation's sole purpose was to issue bonds to refinance debt. These bonds were paid with a portion of the Sales and Use

Tax (IVU) that was established the same year. In 2009, under Gov. Luis Fortuño's administration, Cofina's law was amended (http://www.lexjuris.com/lexlex/Leyes2009/lexl2009091.htm) so that the corporation's bonds could be used to finance the government's deficit.

The first Cofina bonds put on the market are known as Senior bonds, and have priority payments over those that were issued to finance the deficit after the 2009 amendment, which are known as Cofina Subordinate. The amount claimed by the Bondholders Coalition of is divided into $2,585,880,950 in Cofina Senior bonds and $708,744,510 in Cofina Subordinates.

On the night of May 4, 2017, the Fiscal Control Board certified a petition for bankruptcy for Cofina under Title III of the PROMESA law. On May 30, the judge presiding over the case, Laura Taylor Swain, ordered freezing the payment of Cofina's bonds until one of the biggest questions exposed in the government's bankruptcy is solved: to whom do the IVU public funds, which are used to pay Cofina's debt, belong?

To resolve this dispute, the federal court approved the appointment made by the Fiscal Control Board of Bettina Wythe, general director of the firm Alvarez & Marsal, LLC, as an Cofina "agent" tasked with serving as the corporation's representative. The Unsecured Creditors Committee was appointed representative of the Commonwealth to resolve the dispute. The request of an agent took place over bondholder allegations that the Fiscal Agency and Financial Advisory Authority (AAFAF) and the Fiscal Control Board would have conflicts of interest when representing both the government and Cofina.

Puerto Rican businesswoman and former government official in the Coalition

The Fideicomiso Plaza, another fund that is claiming $1,210,000 within the Cofina Senior Bondholders Coalition, has an address in Dorado that the CPI found in the Property Registry records as related to Elizabeth Plaza, founder and chief executive of Pharma-Bio Serve, headquarters in Dorado and with operations in the United States and Europe. It is dedicated to microbiology and DNA sequence testing. CPI calls and messages to Elizabeth Plaza, before and after Hurricane María, were not answered.

The only individual identified in the Title III documents as part of the Coalition, besides the investment firms, is José Rodríguez-Perelló, who is claiming $250,000 in Cofina Senior bonds. He is an insurance broker and president of L&R Investments. He was vice-chairman of the the Government Development Bank's (GDB) Board of Directors in 2006 during the Aníbal Acevedo-Vilá administration and under the presidency of Alfredo Salazar, during which Cofina was created. He coincided there with Jorge Irizarry-Herranz, current president of the Bonistas del Patio organization, which seeks to bring together Puerto Rico's individual bondholders.

According to the law that created Cofina, the entity's Board of Directors is the same as the GDB's. The CPI was able to confirm that Rodríguez-Perelló was part of the group of officials who authorized a GDB bond issue (http://www.gdb-pur.com/pdfs/public_corp/gdb/OSGDBFinal103May2006.pdf) during that period (Senior Notes 2006 Series B) for $740,000,000.

During the Alejandro García-Padilla administration, Rodríguez-Perelló asked the government — as a bondholder — to exclude Cofina from the debt renegotiation process, claiming that the public corporation is considered a separate entity from the rest of the government. The bondholder and former government official, also raised that there may be a conflict of interest because the people who occupy the chairs of the GDB's Board of Directors are also Cofina directors.

Rodríguez-Perelló donated to Carlos Romero-Barceló's and Roberto Pratts' resident commissioner campaigns, as well as to Thomas Rivera-Schatz in 2015, aside from contributing to the Democratic Party and several of the party's candidates in the federal sphere.

The former government official appears as resident agent of another corporation called Island Servisources Management, which in turn is the resident agent of Island Eco Partners LLC. Island Eco had contracts with the Labor Department in 2016, during the García-Padilla administration,

He was a partner, executive vice president and board member of Ledesma & Rodríguez Insurance Group, Inc. from 1990 to 2005, as well as a member of First BanCorp's (FirstBank) Board of Directors, from 2007 to present. He was also president of Prudential Bache PR, a subsidiary of the Prudential Bache Group, from 1980 to 1990. The CPI attempted to contact Rodríguez-Perello, but received no response.

No information about the SUT collection

On Oct. 31, at the first meeting of the Fiscal Control Board after

Centro de Periodismo Investigativo

Daniel Salinas

Hurricane María, the chairman of that entity, José Carrión, opened a Q&A session for the audience. There were five minutes for anyone to question or express themselves in front of the Fiscal Control Board. As usual, the designated area for the public was dominated by lawyers, some politicians or agency heads, such as Héctor Pesquera, director of the Department of Security, or Ingrid Vila, former Secretary of State. After a lapse that made one think that nobody would take a turn, a hand was raised. It was Daniel Salinas, who introduced himself as attorney for Quinn Emanuel (the law firm that represents the Cofina Senior Bondholders Coalition.) He asked if there was information about the collections of the Sales and Use Tax (IVU in Spanish) for the month of October. "That question is expected to be at the end of this week and hopefully we will have that data," some government adviser replied.

"We've heard of the difficulties in collecting the IVU (after Hurricane María) and we want to know how much has been reported," Salinas reiterated to the CPI in an aside.

Laura Moscoso collaborated on this story.

*The **"The creditors that control Puerto Rico's bankruptcy"** series of the Center for Investigative Journalism digs into in the characteristics and the background of the investment firms that until now have dominated the government of Puerto Rico's bankruptcy case. The next stories will be published this and next week.*

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SOBRE EL CPI

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